

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7120

BILL NUMBER: HB 1681

NOTE PREPARED: Feb 17, 2009

BILL AMENDED: Feb 17, 2009

SUBJECT: Foster Care.

FIRST AUTHOR: Rep. Summers

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill establishes: (1) eligibility requirements for the Twenty-First Century Scholars Program for foster care youth; and (2) the Foster Care Educational Assistance Program.

The bill also provides that certain individuals previously receiving foster care are eligible to receive benefits under the Indiana Check-up Plan if the individual meets certain eligibility requirements. It requires the Office of Medicaid Policy and Planning (OMPP) to apply to the United States Department of Health and Human Services (DHHS) for approval to amend the Indiana Check-up Plan to include services for certain individuals previously receiving foster care.

Effective Date: Upon passage; July 1, 2009.

Explanation of State Expenditures: (Revised) *Reporting Requirement:* Under the bill, the State Student Assistance Commission of Indiana (SSACI) is required to annually submit a report to Legislative Council that provides data and statistics on the number of individuals who received foster care grants under the Twenty-First Century Scholars Program. This bill will increase the workload of SSACI.

DCS is also required to submit a report to Legislative Council that provides information on the number of foster youth who receive notification of the Twenty-First Century Scholar program as well as how the Department makes notifications to foster youth regarding the program. This will increase staff workload.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and

resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

[Note: For FY 2008, SSACI reverted approximately \$2.9 M to the General Fund and DCS reverted approximately \$7.1 M.]

(Revised) *21st Century Scholar Program for Former Foster Youth*: The bill allows a former foster youth to enroll in the Twenty-First Century Scholar Program and requires SSACI to make initial eligibility determinations. In determining the amount of an eligible individual's benefits, SSACI is required to consider other financial assistance for higher education first. State expenses may increase to the extent SSACI makes awards to eligible students who do not receive other forms of higher education financial assistance. Actual increases are indeterminable.

(Revised) *Foster Care Educational Assistance Program*: The bill requires DCS to administer a program that provides reimbursement for education expenses for individuals that received foster care before the age of 18, are less than 24 years of age, and enroll in state educational institutions after June 30, 2009. DCS may reimburse an eligible individual for room and board (including a meal plan), technical equipment, fees, and course-required text books. This bill may increase DCS expenditures to the extent program benefits are awarded to foster children who meet eligibility requirements. Actual expenditures are indeterminable and will depend on administrative decisions made by DCS.

Indiana Check-Up Plan Eligibility: OMPP is required to submit to DHHS a request to amend the eligibility requirements of the Indiana Check-Up Plan to include individuals that received foster care before their 21st birthday and before they reach 24 years of age. This will increase the workload of OMPP staff.

Currently, individuals that receive foster care are eligible for Medicaid benefits until the age of 21. Medicaid benefits are not considered health insurance under the Indiana Check-Up Plan eligibility requirements. Currently, individuals are considered eligible for the Indiana Check-Up Plan if they (1) are between the ages of 18 and 65, (2) are United States citizens and a state resident for 12 months, (3) have an annual household income of no more than 200% of the federal poverty level, (4) are not eligible for health insurance through their employer, and (5) have not had health insurance for at least six months. The legislation expands these requirements by allowing individuals that received foster care before the age of 18 and are between the ages of 18 and 23 to participate in the program provided they also meet provisions 1 through 4 listed above. Since these individuals are eligible to receive Medicaid until the age of 21 and Medicaid is not considered to be health insurance in the Indiana Check-Up Plan, these individuals would already qualify to participate in the Indiana Check-Up Plan. This provision is not expected to have a fiscal impact.

(Revised) *Background Information*: SSACI reports that currently former foster youth are eligible to apply for the Twenty-First Century Scholarship program until the age of 18. Additionally, it was reported that former foster youth are eligible for grants from the Frank O'Bannon Grant Program to pay for education costs. The Twenty-First Century Scholarship Program provides scholarships to low- and moderate-income families while the Frank O'Bannon Grant Program provides tuition and fee support for need-based students.

The federal Chafee Educational Training Voucher Program provides funds to foster youth and former foster youth to enable them to attend colleges, universities, or vocational training institutions. Applicants must be

between the ages of 18 and 20 at the time of application to the program and be accepted in a degree, certificate, or other accredited program at a college, university, technical, or vocational school.

DCS reports that the Chafee Educational Training Voucher program is available to individuals who received foster care before the age of 18 and provides benefits to the age of 23 for individuals in college, vocational school, or trade school. The total amount of federal revenue received from the federal Chafee Education Training Voucher Program during academic year 2006-2007 was approximately \$698,000, or \$3,800 per student.

Explanation of State Revenues: *Penalty Provision:* Under the bill, someone that knowingly or intentionally submits false or misleading information to receive a tuition exemption for foster youth commits a Class A misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000. However, any additional revenue would likely be small.

Explanation of Local Expenditures: *Penalty Provision:* A Class A misdemeanor is punishable by up to one year in jail.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: OMPP; DCS; State Educational Institutions.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Ann Houseworth, DCS; Commission on Higher Education.

Fiscal Analyst: Bill Brumbach, 232-9559.